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ABSTRACT

Congress is working to complete legislation to create block grant funding for work force development. Nearly 100 vocational education, job training, adult education, and other work force education programs that previously were separately funded will compete for the reduced funding available. The Carl D. Perkins Act of 1990 and School-to-Work Opportunities Act will be repealed. The two block grant bills contain significant differences. The House bill calls for three block grants--youth education and training, adult education, and adult job training; the Senate bill has just one. The House version would become effective sooner. The Senate version grants more influence to state education agencies and officials. Agreements between the bills include the following: continued vocational-technical education provision by public education; greater authority of governors; school-to-work initiatives; work force development boards to oversee local adult job training programs; a system of "one-stop" career centers; and vouchers to finance adult education and training. Compared to the Perkins Act, the new block grant legislation does not guarantee funds for particular programs. It may give more funding to certain programs and it continues support for special programs under the Perkins Act. Educators must increase efforts to work with governors who will have more authority, responsibility and discretion in determining workforce development plans and budgets and in distributing funds. (A two-page comparison on the House and Senate Block Grant proposals is provided.) (YLB)

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ED 403 424

BLOCK GRANT FUNDING

WHAT IT MEANS TO VOCATIONAL-TECHNICAL EDUCATION

Congress is working to complete legislation that will create block grant funding for workforce development. This legislation will affect nearly one hundred vocational education, job training, adult education and other workforce education programs that previously were separately funded — including The Carl D. Perkins Vocational and Applied Technology Education Act of 1990. All programs will compete for the reduced funding available, and some programs will be eliminated outright.

The legislation proposed by the House and Senate replaces some laws completely and affects certain provisions of other laws. For instance, the Perkins Act and the School-to-Work Opportunities Act, which provide much of the funding for vocational-technical education programs, are totally repealed. Other laws, such as the Elementary and Secondary Education Act, the Higher Education Act and the Job Training Partnership Act, which provide only minimal funding for vocational-technical education programs, have certain provisions amended so that funds targeted for workforce development can be consolidated under the block grants.

The chart on the following page lists the laws affected by the proposed new legislation.

What Are Block Grants?

The federal government uses block grants to consolidate and replace "categorical programs," which are federally funded programs that require states to allocate federal money as directed by the federal government. The Perkins Act, for example, is a categorical program. In essence, block grants transfer to the states the discretion and responsibility for spending the federal money. They will almost certainly bring less money because block grants have historically resulted in a reduction of total funding.

The House of Representatives and the Senate still have not agreed on many particular aspects of this legislation. A conference committee, comprised of members of both houses, must work through the differences between the House's version of the bill (H.R. 1617, The Consolidated and Reformed Employment, Education and Rehabilitation Systems Act, or "CAREERS") and the Senate's version (S. 143, The Workforce Development Act of 1995) and propose one bill for approval.

Legislative Timetable

Because of major differences in the separate versions passed by the two houses, the committee will probably require several months to develop a compromise bill, and still more time will be required for the full House and Senate to review and vote on the bill.

Exacerbating the situation is the controversy concerning the proposed balanced budget. Time spent on this issue — including the delays caused by government shutdowns — is hindering progress. In fact, if Congress and the President do not resolve the balanced budget issue, thereby making it a major focus of the 1996 federal elections, the particulars of federal funding for vocational-technical education might be in limbo for quite some time.

The Reason for Block Grants

The theory driving block grants is that states and localities know better how to spend money for their own benefit, and that reducing the level of federal bureaucracy reduces costs by increasing administrative efficiency.

However, opponents of block grants fear that states — and in particular governors, who will have increased spending discretion under block grants — may choose not to focus funds on vocational-technical education. They believe that the federal government still should establish requirements and offer specific guidance on how states should spend the money.

The Amount of Money Involved

Federal funding accounts for roughly 10% of money spent on vocational-technical education, with the remaining 90% coming from states and localities. However, federal funds are used to drive major changes in programs and services for students. This money often fuels innovation and is spent on items such as computers, special services and establishment of new programs and curricula.

For FY 1996, the House passed an appropriations bill that would authorize about $3.4 billion for workforce training and education, including vocational-technical education programs. This is approximately $2 billion (37%) less than the $5.4 billion appropriated for FY 1995. The Senate has not yet passed an appropriations bill, but the funding amount it is considering is about 10% more than that proposed by the House for a total of about

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Laws Affected by the Proposed Block Grant Legislation

Both Bills

- Carl D. Perkins Vocational and Applied Technology Education Act
- School-to-Work Opportunities Act of 1994
- Job Training Partnership Act*
- Elementary and Secondary Education Act of 1965*
- Adult Education Act
- Stewart B. McKinney Homeless Assistance Act

House Bill

- Higher Education Act of 1965*
- Higher Education Amendments of 1986*
- Higher Education Amendments of 1992*
- Smith-Hughes Act
- School Dropout Assistance Act
- National Literacy Act
- Library Services and Construction Act
- Technology for Education Act of 1994

Senate Bill

- Immigration Reform and Control Act of 1986
- Title II of Public Law 95-250
- The Displaced Homemakers Self-Sufficiency Assistance Act
- Appalachian Regional Development Act of 1965

* Only certain provisions of this law pertaining to workforce development are affected by the block grant legislation.

$3.75 billion. That would make its reduction from FY 1995 totals about $1.66 billion (31%).

If block grant funding legislation is enacted by FY 1997 (which is the first year that it could begin), and if Congress continues to reduce funding for workforce training and education as it has recently done, then the amount of block grant funding available might be even lower than current funding.

Differences in Proposed Bills

The two block grant bills contain significant differences. The House bill calls for three block grants, one each for youth education and training, for adult education and for adult job training. The Senate bill has just one block grant, but it encompasses the three areas covered by the House block grants.

In the House, funding for vocational-technical education programs comes from the first block grant, whose funds would be divided as follows: 40% for in-school youth, including vocational-technical education programs; 40% for at-risk youth; 10% for incentive grants and 10% to be split at the governor's discretion between the in-school and at-risk programs. The Senate's block grant divides the funds among three categories: workforce education, including vocational-technical education programs (25%); workforce employment (25%) and a "flex" account (50%). The flex funds can be distributed to the other two categories, but up to half of the flex funds can be used for economic development.

Another important difference is that the House version would become effective sooner, in FY 1997 (October 1, 1996–September 30, 1997), whereas the Senate version would not take effect until FY 1998 (October 1, 1997–September 30, 1998). Because education programs are "forward funded," the funds appropriated for a particular fiscal year are not distributed until July 1 of that fiscal year.

Another important difference is that the Senate version grants more influence to state education agencies (SEAs) and other state education officials than does the House version. In the Senate version, state education officals will plan the distribution of the workforce education funds, and they also will collaborate with governors on planning the distribution of the flex funds. In the House version, SEAs and other education representatives will be only a part of a collaborative process designed and controlled by the governor to develop the state plan.

(The Senate bill also includes a second block grant, but it is not discussed in this report because it funds the Job Corps and a few other programs not included in the House bill and not relevant to vocational-technical education.)

Agreements Between the Bills

Despite the differences in the two block grant bills, there are still many areas of general agreement as follows:

- **Existing systems of public secondary and postsecondary education** will continue to provide vocational-technical education services.
- **Governors** will have greater authority and discretion in allocating funds. In the Senate version, state governors will prepare the plan for distributing the workforce employment funds, and they will have much discretion in distributing the funds in the flex account. In the House version, they will collaborate with both education and business representatives to develop all the plans.
- **School-to-work initiatives** are included in both versions, although the House bill does so only minimally. The Senate version requires that governors support school-to-work programs from the flex account and continue all grants made under the School-to-Work Opportunities Act of 1994. The House version does not reference this law, but it requires funding for certain vocational-technical education activities that are considered components of school-to-work systems.
- **Workforce development boards** should oversee the local adult job training programs. The House requires these boards, but the Senate makes them optional. Members of these boards would be predominantly from the business

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Comparison of the House and Senate Block Grant Proposals*

HOUSE BILL: H.R. 1617, THE "CAREERS" ACT	SENATE BILL: S. 143, WORKFORCE DEVELOPMENT ACT OF 1995
Uses of Funds	
State Uses of Youth Block Grant Funds: (1) Assessment of youth programs; (2) Tech-prep; (3) Workforce preparation programs for single parents, displaced homemakers and single pregnant women; (4) Corrections vocational education; (5) Professional development activities; (6) Development, dissemination and field testing of curricula; (7) Leadership and instructional programs in technology education; (8) Cooperative education; (9) Family and consumer science programs; (10) Creative uses of technologies; (11) Vocational student organizations; (12) Career guidance and counseling.	*Uses of Workforce Education Funds:* (1) Integrating academic and vocational education; (2) Linking secondary and postsecondary education, including implementing tech-prep programs; (3) Providing career guidance and counseling; (4) Providing literacy and basic education services for adults and out-of-school youth; (5) Providing GED programs for adults and out-of-school youth; (6) Expanding, improving and modernizing quality vocational education programs; (7) Improving access to quality vocational education for at-risk youth.
Required Local Uses of In-School Youth Funds: (1) Effective size, scope and quality; (2) Integration of academic, vocational and work-based learning; (3) Employer involvement; (4) Linkages with at-risk youth programs, secondary and postsecondary education; (5) Work-based learning with adult mentoring; (6) Career guidance and counseling.	No specifications for required uses of local funds.
Additional Local Uses of In-School Youth Funds: (1) Equipment improvement; (2) In-service training of instructors, employers and mentors to improve academic-vocational integration and work-based learning; (3) Tech-prep education programs; (4) Services for special populations; (5) Adaptation of equipment; (6) Apprenticeship programs; (7) Comprehensive mentoring programs in teacher preparation; (8) Education and business partnerships; (9) Vocational student organizations; (10) Involvement of program participants and their parents; (11) Skills for personal and family life management, work and leadership in the community and the nation.	No specifications for additional uses of local funds.
Within-State Formula	
Governors determine within-state formulas, considering poverty rates and the proportion of the state's youth population residing within each local community, as well as other criteria that they deem appropriate.	The current Perkins Act substate formula is used.
Accountability Standards	
The governor, in collaboration with others, develops *all* performance standards. Education standards do not have to be consistent with other education programs or with academically sound or valid assessments. Governor establishes benchmarks and may provide technical assistance and take corrective action if they are not met.	SEA develops workforce education performance standards.
Effective Date	
FY 1997 (funds distributed starting July 1, 1997).	FY 1998 (funds distributed starting July 1, 1998).

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* As of February 1, 1996

Comparison of the House and Senate Block Grant Proposals*

HOUSE BILL: H.R. 1617, THE "CAREERS" ACT	SENATE BILL: S. 143, WORKFORCE DEVELOPMENT ACT OF 1995
Funding for Workforce Education and Training	
Authorized at approximately $5 billion, of which $2.3 billion would be used for youth education and training, which includes vocational-technical education. This represents about a 20% reduction from FY 1995 level. Of the funds for youth education and training, 40% must be used for in-school youth, including vocational education programs; 40% must be used for at-risk youth; 10% can be used as incentive grants and 10% can be split at the governor's discretion between the in-school and at-risk programs.	Authorized at approximately $5.9 billion for workforce development activities. This represents about a 15% reduction from FY 1995 level. Workforce education activities receive 25% of the funds, workforce employment activities receive 25% and a "flex" account receives the remaining 50%. The funds in the flex account can be split at the governor's discretion between education and employment, but up to half of the flex funds can be used for economic development.
National Activities	
The lesser amount of $25 million or 20% is reserved for national programs.	Up to 7% of the funds is reserved for national activities.
State Administration	
Localities will receive 90% of the youth block grant funds. The governor may reserve the remaining 10% for statewide activities. Each governor must create and implement a substate formula.	The governor may reserve up to 20% of the funds for statewide activities. Workforce education funds will be distributed using the current Perkins formula.
State Plan	
Governor develops the state plan using a collaborative process for *all* parts. SEA, state postsecondary agency and representatives from vocational and adult education must be included in the process. Governor appoints all other collaborators.	Governor prepares the employment portion (25%), and the SEA and other education representatives prepare the education portion (25%). The governor prepares the flexible account (50%) through a collaborative process with representatives from business and education, including the SEA.
Workforce Development Boards	
Workforce Development Boards are mandated. They will consist mostly of local business representatives, but they may also include education representatives.	Workforce Development Boards are optional. Education groups will be represented, but the majority of representatives will come from local businesses.
Local Governance	
Education: A local workforce board, consisting of a majority of business/industry representatives, will plan for youth education and training for the local workforce area. Local education officials will assist in plans for the education funds, but have no ability to make final decisions. *Employment:* Local elected officials must approve the local workforce plan. Education representatives have no approval/veto rights.	*Education:* Local education representatives apply to SEA to receive funds *by formula.* Local Workforce Development Board can review education plan but does not have approval/veto rights. *Employment:* Local education representatives collaborate on workforce employment and the school-to-work plan.

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* As of February 1, 1996

community, but the education community may also be represented. The governor would have much authority in determining the process for appointing board members.

- **A system of "one-stop" career centers** would be used to promote adult education and training. These centers would provide services such as career counseling, skill-level assessment and job search assistance. The federal government would operate a national labor market information system, with the data available to the career centers.
- **Vouchers** can be used by the states to finance adult education and training. These vouchers would enable recipients to attend postsecondary institutions, with the institutions being reimbursed from federal funds. Vouchers are expected to be restricted to out-of-school youth over the age of 18.

Both bills will change considerably the way that funds are distributed and administered. The chart below illustrates the present method as well as the method proposed in the CAREERS Act.

Comparison to Perkins Act

The Perkins Act has been the primary federal legislation for vocational-technical education for more than a decade, being enacted in 1984 and then revised in 1990. When it expires at the end of federal FY 1996, the activities that it supports will have to compete for funding under the new block grants for workforce development.

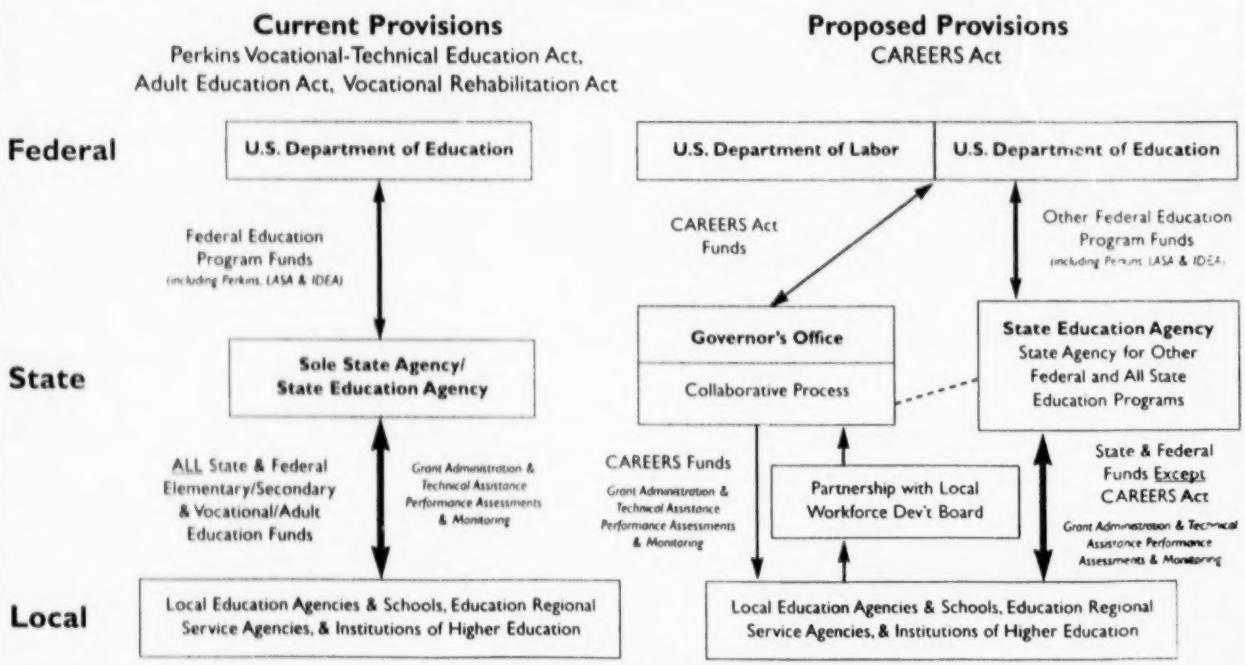
Funding

In FY 1995, the Perkins Act received about $1.103 billion. (The Smith-Hughes Act received another $7.148 million.) For FY 1996, the House has proposed that programs previously funded by the Perkins Act receive about $901 million — a reduction of about $202 million (18%). The Senate has proposed that such programs receive about $1.006 billion — a reduction of about $97 million (10%). Because block grants will have lower funding levels, programs previously funded by the Perkins Act will receive less money even if they receive the same proportion of funds that they do now.

Under the new block grant legislation, it is possible that **no funds for any particular programs will be guaranteed.** State officials will have much discretion to disperse the funds as they deem necessary, with relatively minimal guidelines regarding the amount of funds that must be assigned to certain types of programs.

Keep in mind, though, that a lack of guaranteed funds might allow certain programs to receive **more funding** than they previously received. For instance, a program that is particularly favored by state officials very likely could benefit under the new funding procedures. In addition, under the Senate bill, money from the flex fund can be used to supplement workforce education programs, and because education officials would collaborate with the governor to plan the distribution of these funds, increased funding for certain programs would be a possibility.

Administrative Impact on Schools and Colleges of Proposed CAREERS Act Titles II & IV


Current Provisions
Perkins Vocational-Technical Education Act, Adult Education Act, Vocational Rehabilitation Act
Proposed Provisions
CAREERS Act
Federal
State
Local
U.S. Department of Education
Federal Education Program Funds (including Perkins, LASA & IDEA)
Sole State Agency/ State Education Agency
ALL State & Federal Elementary/Secondary & Vocational/Adult Education Funds
Grant Administration & Technical Assistance Performance Assessments & Monitoring
Local Education Agencies & Schools, Education Regional Service Agencies, & Institutions of Higher Education
U.S. Department of Labor
U.S. Department of Education
CAREERS Act Funds
Other Federal Education Program Funds (including Perkins, LASA & IDEA)
Governor's Office
Collaborative Process
State Education Agency
State Agency for Other Federal and All State Education Programs
CAREERS Funds
Grant Administration & Technical Assistance Performance Assessments & Monitoring
Partnership with Local Workforce Dev't Board
State & Federal Funds Except CAREERS Act
Grant Administration & Technical Assistance Performance Assessments & Monitoring
Local Education Agencies & Schools, Education Regional Service Agencies, & Institutions of Higher Education

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Perkins Act Provisions Under Block Grants

Both Bills	House Bill*
• Career Guidance and Counseling	• Business-Labor-Education Partnerships
• Tech-Prep Education	• Facilities Improvement and Equipment Acquisition
• Community Education Employment Centers (note: these seem similar to the requirement for "one-stop" career centers)	• Community-Based Organizations
• Tribally Controlled Postsecondary Vocational Institutions (note: these are included under national activities)	• Family and Consumer Sciences Education
	* These activities would be allowable under various categories in the Senate bill.

Special Programs Under Perkins Act

The Perkins Act provides support to several special programs. Both block grant bills specifically mention many of these types of programs, and other programs that are not specifically mentioned seem to fit under various categories, especially in the House version. Even programs that are not specifically mentioned in the legislation can still apply and compete for funding. The chart above lists eight special programs supported by the Perkins Act and their status under the current proposals.

The House version also specifically mentions two other uses of funds of great interest to vocational-technical educators: professional development and vocational student organizations.

Within-State Distribution Formula

The Senate's proposed legislation stipulates that workforce education funds (25%) will be distributed to the states according to the within-state distribution formula of the Perkins Act: 70% based on Chapter 1 funds, 20% based on the number of special needs students and 10% based on the number of students enrolled in school and adults in training programs.

Developing New Relationships

Because governors will have more authority, responsibility and discretion in determining workforce development plans and budgets and in distributing funds, the education community will need to increase its efforts to work with governors in addition to working with Congress and federal agencies. Currently, governors in 31 states appoint their entire state boards of education, so the foundation for good relationships already exists in many areas.

The Workforce Development Boards that are mandated by the House and recommended by the Senate will consist mostly of representatives of business and industry but may include representatives from education. Presently, local businesses and the education community have established valuable and effective relationships, including school-to-work partnerships encouraged by the Perkins Act and the School-to-Work Opportunities Act. Hopefully, these relationships will be continued and strengthened through the Workforce Development Boards. Care must be taken to ensure that the boards represent the interests of education as well as business.

Actions To Take Now

Vocational-technical educators need to learn how block grant funding will affect them because that's the way they will receive federal funds in the future. For the present, that means monitoring developments from Congress and the Administration as they work through the final but still time-consuming phases of passing legislation. Since they no longer will have assurances of certain funding levels, vocational-technical educators will have to make their voices heard by vigorously participating in the funding process — which more so than before will be conducted at the state and local level and is designed to allow for participation by interested groups.

Most importantly, vocational-technical educators have to take advantage of the opportunities that block grant funding may provide. If educators develop comprehensive programs with certifiable benefits to students and the community, and if they present these programs well to state education agencies, local workforce development boards and other stakeholders, then they have a very good chance to succeed and get the funding they need to make a positive difference in their community's education programs.

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